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ABSTRACT

This paper reviews previous research on school finance reform in Illinois and examines the impact of various types of finance reform on suburban school districts as compared to urban and rural districts. The paper is divided into two parts. Part 1 reviews data from three previous annual evaluations of the results of the Illinois school finance reforms of 1973 and, based on these data, raises a number of research design questions about suburban school district analysis. Part 2 outlines situations in which suburban school districts might be expected to gain or lose from various types of school finance reform. (Author/JG)

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SCHOOL FINANCE REFORM AND SUBURBAN DISTRICTS:
A FEW FACTS, SEVERAL RESEARCH DESIGN QUESTIONS,
AND SOME POLICY CONSIDERATIONS

A Paper Prepared for the Ford Foundation Seminar
on School Finance Reform and Suburban Schools
Chicago, Illinois, September 15, 1977

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"In times of tumult and discord bad men have most power;
mental and moral excellence require peace and quietness."

--Tacitus

Introduction

At the outset the authors wish to express some reservations about the policy implications of this type of research. The literature on the politics of education repeatedly notes that educational lobbies are not very effective at the state level because they lack internal cohesion and tend to split into warring factions among themselves.(1) Research therefore which highlights "who got what?" after an educational finance "reform" may well serve only to feed these fires of discontent within the ranks of public education's supporters. If so, such research will prove to be a disservice to public education since opposing lobbies in welfare, health, transportation, police, and so on, which must compete with education for scarce state resources, can not be expected to let this division go unexploited. Those who oppose any increase in allocations to the entire public sector can also be expected to make the most of this discord and discontent.

While duly noting the above position, we have rationalized our efforts here on three grounds. First, analyzing school finance data by school districts classified as urban, suburban, and rural is a time-honored technique in school finance research circles.(2) Researchers, not unlike lawyers, always seem to feel

better when operating from precedent. Secondly, one must surely admit that voting blocs of a geographical nature are potent realities in almost all state legislatures. It is impossible to pass the required legislation for any type of "reform" without alliances between these blocs. One must, therefore, know how these voting blocs are affected by both past reforms and proposed future reforms.(3) Third, state legislatures do make "geographic adjustments" to state school aid formulae. As observed by Bothwell, Johnson, and Hickrod these geographic adjustments are based upon, "characteristics which are beyond the control of a particular local district and which can inhibit its ability to finance local schools."(4) Not infrequently these characteristics can then be aggregated into groupings such as urban, suburban, and rural.

Having explained our motivations we now outline our procedures. The paper is divided into two parts. In the first part we shall move immediately into a statement of some results taken from a reprocessing of data contained in our three previous annual evaluations of the Illinois school finance reforms of 1973.(5) However, we are less concerned here with the empirical results, most of which can be found in our prior published research, than we are with using these data as a basis for raising a number of research design questions about suburban school district analysis. The second part of the paper then outlines situations in which suburban school districts might be expected to gain from certain types of school finance "reform" and also

where suburban school districts might be expected to lose from other types of school finance "reform."

I. The Illinois Experience and Related Research
Design Questions

Tables one, two, and three contain reprocessed data from our annual state evaluation studies. The first research design question that arises from looking at these tables is what constitutes the definition of a "suburban" school district? For the analysis reported in this paper the following classification system was used. Central city school districts are defined as the largest school district in each of nine standard metropolitan statistical areas in the state. Suburban school districts were then required to be within a standard metropolitan statistical area, as designated by the U.S. Census Bureau, not be delineated as a central city, and have more than 50 per cent of their population classified as "urban" by the U.S. Census. An independent city school district was also required to have more than 50 per cent of its population classified as urban, but it could not be within a standard metropolitan statistical area. Rural districts are defined as all districts with less than 50 per cent urban population. This is the second classification system we have used at the Center. An earlier system was not based on the 50 per cent urban rule. In that earlier system, central city schools were still the largest districts within the nine SMSAs, but suburban districts were simply all other districts within

the SMSA that were not central cities. Independent cities were all districts above an arbitrary pupil count but not included in SMSAs and rural districts were whatever was left not classified in the first three categories. Experimentation with both classification systems, largely the work of J. Dan Hou of the Illinois Office of Education, has led us to believe that the 50 per cent urban rule does let us make some distinctions between suburban and rural that we could not make with the earlier system. However, these are still "rough and ready" classification systems at best and they still result in some anomalous situations. For example, in the Bloomington-Normal SMSA, Bloomington is somewhat larger than Normal, so Bloomington is classified as a central city and Normal is classified as a "suburb." In reality only a city street separates the two school systems. Similar situations exist elsewhere in the state.

These ad hoc definitions of what constitutes a "suburban" school district may be adequate for cross-sectional research (one point in time). At least, we have been operating on that assumption at the Center for the last few years. However, longitudinal research, that is, research which intends to probe trends through time, encounters major difficulties with these ad hoc definitions of "suburbia." School districts around a central city are subject to the growth dynamics of that SMSA. At one point in time a school district may be "rural," but at a later point in time it may have become "suburban." The boundaries of the SMSA are not fixed. Normally they grow from one

federal census to the next. Thus the population of suburban school districts in the Chicago SMSA of 1940 is by no means the same population of school districts in 1960, or 1970, or 1980. An earlier line of research by the senior author and J. Dan Hou was suspended when it was realized there was no way to adequately control this "growth" phenomenon.(6) One researcher, R. L. Lows, did address himself to this problem by creating two populations of school districts.(7) One population was described as the "established" metropolitan area, and the other population was described as the "emerging" metropolitan area. This is an improvement, but the fact remains that descriptive statistics, like the variance or the coefficient of variation, would not be independent of the definition of the population. Thus if the data indicated more expenditure disparity between suburban school districts at a second point in time, than at a first point in time, this phenomenon could just as likely be the result of a different population at the second point in time, as it could be the product of changes in the behavior of the school districts involved. If, on the other hand, one simply required the two sets of school districts to be alike at the two points in time, then there would be no reason to believe that one had adequately defined "suburbia" at the second point in time. One way out of this dilemma is to drop the attempt to measure something called "suburbia." The two sets of suburban school districts can still be compared at two or more points in time if one is willing to accept the fact that at the second and

subsequent points in time only a portion of the new "suburbia" was measured.

It would be regrettable, however, if longitudinal research on suburban school districts were totally dropped due to technical difficulties with the definition of a suburban study population. Many of the more intellectually interesting hypotheses about suburban school districts are longitudinal in nature. There is, for example, the sociological literature which speculates about a general socio-economic segregation process which might be underway and which could result in increasing residential segregation among socio-economic classes in the United States.(8) If the suburban school districts were becoming more socio-economically segregated with the passage of time, it would affect many aspects of school administration, e.g., curriculum, instruction, and so on, as well as school finance. There is also the public finance literature which speculates about increasing fiscal homogeneity versus increasing fiscal fractionalization of the metropolitan areas in human and material resource terms.(9) In fact, many tributaries from public finance, urban economics, urban sociology, human ecology, etc., flow together to create a rather considerable body of literature concerning suburban school districts.(10) The measurement problems we have encountered in doing longitudinal research in metropolitan areas should not dissuade others from trying. A recent school finance study by Harrison shows that these longitudinal hypotheses are still alive and being explored.(11)

Regardless of what happens to the testing of these interesting longitudinal hypotheses, research on suburban school districts has certainly highlighted the fact that suburban districts are not all alike. Investigations of five metropolitan areas by Hickrod and Sabulao utilizing map studies as well as statistical tests demonstrated the existence of clusters of "rich" versus "poor" suburbs which had developed in these metropolitan areas in the 1950s.(12) Much of the public finance literature and some of the school finance literature classifies suburbs as "dormitory" suburbs, "balanced" suburbs, industrial enclaves, "workingmen's" suburbs, etc.(13) One of the more elaborate of the school district "typology" approaches to metropolitan financial analysis conducted for the National Educational Finance Project by Rossmiller, Hale, and Frohreich used an eight category system: major urban core city, minor urban core city, dependent city, independent city, established suburb, developing suburb, small city, and small town.(14) The division of suburbs into built-up or "established" versus "growth" or "development" suburbs is not uncommon in much of the "typology" literature. It is also not uncommon to find suburbs divided into high median family income suburbs versus low median family income suburbs. The single "suburban" classification used in the results reported here is therefore probably not refined enough to give the analysis that is needed. This may be true of the other classifications of districts as well. Certainly the nine "central cities" of Illinois are not all alike; Chicago's

problems are not identical with Bloomington-Normal's; yet they are both grouped in one category. The single rural category also conceals as much as it reveals. Previous research at the Center has demonstrated that considerable differences exist between "rural" school districts depending on whether they are in the north, central, or southern part of Illinois.(15) The research design questions that emerge from this discussion are, then: "Are there different kinds of suburban school districts?" and the broader research design question: "How refined must the school district typology system be to analyze the school finance facts under consideration?"

Investigation of the three tables also raises a number of other design questions. Illinois, like California and a few other states, is plagued by three types of school district organization: K-12, high school, and elementary schools. This is only one of several crosses the school finance researcher must bear in Illinois.(16) The burden is particularly heavy in the case of suburban school district analysis. In this state suburban districts are primarily of either the elementary or the high school variety, e.g., so-called "dual" districts. There are, however, also thirty-eight K-12 districts which, using the classification procedure outlined above, can be labeled "suburban." This is confusing, since to see how "suburban" school districts compare with the other categories one can not simply look at table three alone, which is only for K-12 districts in this state. All three tables must be scanned

simultaneously. One must also keep in mind that dual districts are not uniformly scattered in Illinois but are found primarily in the northern part of the state. Northern Illinois school districts certainly do not have the same fiscal or general socio-economic characteristics as districts in the central and southern part of the state.

Another complication in school finance analysis of this type is the unit of analysis. Finance variables such as wealth, revenues, and state aid, must be divided by a common unit of some type, usually a count of students. This research design question might be formulated as, "what student measurement is appropriate?" The student measurement used in the three tables shown here is "title one weighted average daily attendance." This particular weighted pupil measurement is peculiar to Illinois, and is not distributed randomly between the categories of school districts. One might argue that simple average daily membership would be a better student measurement where the intent is to compare different types of school districts on school finance variables. However, it might be equally argued that the appropriate student measurement to use is the one actually used by the state to distribute state aid, and in the case of Illinois this is the ADA weighted by a measure of the concentration of children from lower socio-economic families. At least for the present, the ADA weighted by children eligible for benefits under title one of the federal Elementary and Secondary Education Act is the measure of "need" used in this state. The

results, unfortunately, are not independent of the pupil measurement chosen. If ADA is chosen, for example, the state aid per pupil to central cities will be much larger than if the state aid per title one weighted ADA is chosen due to the large concentration of lower socio-economic children in the central cities. The argument that the student measurement ought to be the one actually used to distribute the funds in the state, e.g., that particular state's conception of "need," has prevailed in the last few years of Center studies.

Two further considerations round out some of the design questions that can be asked where categories or typologies of school districts are being used. The three tables are tables of absolute changes in the variables mentioned. Changes through time can also be studied in terms of percentage changes, positional changes, and relative changes. Each type of change measurement will yield somewhat different results. We have selected absolute changes here since that seems an appropriate first approach. The changes are also in terms of current dollars, and of course changes can be studied in terms of constant dollars. The interpretation of change measurements depends also on the level at which the variable stood before the change was observed, and the level after the change had taken place. Tables of means for each of these categories at the two points in time were computed but to simplify the presentation we will simply refer to these different levels in the text when they seem especially significant. Finally the changes reported in the

three tables are changes in means that have not been weighted for the student counts. For example, the nine school districts in the central city category are all treated as if they had the same weight, e.g., in that category Chicago has the same weight as Bloomington, Illinois. This can be argued two ways as well. If the means were weighted by students then the central city category would simply reflect the experience of Chicago since Chicago would far outweigh the other eight central cities. Where there are large numbers of districts in a category, however, the weighted means of the categories would not be greatly different from the unweighted means. In our more elaborate annual evaluations we have used both weighted and unweighted means.(17)

With so many caveats flying in the breeze we could not really blame the reader if he or she declined now to look at the data at all. However, we shall assume that there are still a few who would like to see what the experience of suburban districts has been under the conditions of the 1973 Illinois reform and shall push on. First, with regard to operating tax rate changes the suburbs do not seem to have greatly increased their tax rates during the three years under consideration. In the category of suburban high schools, in fact, the change in means is actually negative; the new mean is three cents less in 1976 than in 1973. This is probably the result of a tax "roll back" provision which existed in the law during the three-year period under analysis. This "roll back" was a loose fitting tax cap

at best, and it has since been repealed. While it never affected many districts, this particular aspect of the 1973 reform may well have had a depressing effect on suburban tax increases. There has been an increase of just over five cents in the large category of suburban elementary districts. However, the small category of suburban K-12 districts shows a strong increase of over twenty-one cents. These increases can be compared with an increase of sixteen and one-half cents in the large category of rural K-12 districts, with an increase of over nineteen cents in central city districts, and with a change of over ten cents in the equally large category of rural elementary districts. However, this increase in rural tax rates and the lack of increases in suburban tax rates must be interpreted in the light of the fact that even after these changes had taken place, suburban districts were still taxing themselves at higher levels than rural districts. The 1975-76 mean for rural K-12 districts was \$2.3870. However, the 1975-76 mean for suburban elementaries was \$1.8595 and the mean for 1975-76 suburban high school districts was \$1.6478. Considering that any suburban taxpayer is always in both an elementary and a high school district, if he or she is not in a unit district, this would be a combined tax rate of \$3.5073 which is considerably above not only the rural tax rate, but also the unweighted average mean for the central cities which was \$2.6356. Thus it would appear that suburban districts might have difficulty responding through time to the "reward for effort" factor in the 1973 reform, if only because

their effort was already high relative to rural and central city districts. However, if the assessed valuations are high, as they are in many suburban districts, then even small increases in tax rates can bring about appreciable changes in local revenues. The average increase in local revenue per TWADA for suburban elementaries, for example, is \$149, higher than any other category.

The 1973 reform not only rewards districts for increases in tax rates, it also rewards for high levels of tax rates at one point in time. In our previous annual studies it was apparent that suburban districts had received large amounts of state aid due to the high levels of local taxation. This is also apparent in these data. The suburban high schools received average increases of \$147 per TWADA in general state aid, the small number of suburban K-12 systems \$144 per TWADA, and the large number of suburban elementaries \$114. By contrast, the average of the 279 rural K-12 systems was only an increase of \$62.00 in general state aid per TWADA and the increase in central cities was only \$59.00 per TWADA. As mentioned previously, however, the increase in aid per pupil figure for the central cities is affected by the fact that TWADA rather than ADA is being used and by the fact that unweighted means are being used; e.g., Chicago has the same weight as any of the other nine central cities.

The greatest overall winners in the 1973 to 1976 period were the thirty-eight K-12 suburban systems which increased

their combined local revenue plus general state aid by \$341. The 207 suburban elementaries also showed sizable gains at \$261 per TWADA. By contrast, the rural gain in local revenue plus general state aid was only \$173 per weighted student and the central city gain was only \$172 per TWADA. It should be noted that while the general category of central city schools demonstrates only modest gains, individual central cities, such as East St. Louis, made considerable gains during this period. The use of an unweighted mean in this category of school districts, as is noted elsewhere in the paper, is somewhat misleading. Thus after three years of the operation of the 1973 grant-in-aid reform what we said in the Center's evaluation after the first year of operation still holds true. The 1973 reform principally benefited the suburban districts and the central cities, rather than the rural districts in Illinois. The central city benefit does not appear to be so great, however, when TWADA is used as the student measurement rather than ADA. It is also true that suburban systems were winners, not because they increased their tax rates during this period, but because their rates have always been higher than rural districts and central city districts. They were rewarded in a sense for "past" and continuing effort, rather than for new or increased effort.

II. Strategies for Suburban School Districts

From this limited amount of facts for Illinois plus a knowledge of school finance studies in other states, some

strategies can now be outlined to increase state and local funds. School finance and local public finance studies highlighted the fact, many years ago, that it was the suburban districts that had the higher tax rates relative to rural and central city districts.(18) Long before there was much discussion of "reward for effort" and certainly long before there was any discussion of "district power equalization," it was known what kinds of school districts were exerting higher fiscal effort as measured by local tax rates. It will therefore come as no surprise that suburban school superintendents and suburban legislators have supported, often vigorously, "reward for effort" provisions and district power equalization (DPE) whenever those proposals have surfaced in state legislatures. This is especially true for so-called "dormitory" or "bedroom" suburbs which have had to exert very high fiscal effort due to the absence of much commercial and industrial valuations. As usual, the temptation to overgeneralize must be avoided. Some suburbs, for example, industrial enclaves within metropolitan areas, with particularly low property tax rates, are not helped by the "reward for effort" or DPE provisions in state grants-in-aid systems. However, these are clearly exceptions to the general rule that DPE is an excellent fiscal strategy for suburban districts. It is in the best interests of suburban superintendents and suburban representatives to establish these reward for effort provisions in states where they do not exist, and to increase the amount of state funds that flow through those provisions in states where

they do exist--almost twenty states now.

These higher tax rates in suburban school districts also help to explain another phenomenon that is currently being given much attention in school finance circles. Some recent studies have highlighted a relationship which R. L. Johns and his associates paid considerable attention to in the past; that is, the positive relationship that generally exists between income and tax rates.(19) We have also observed on several occasions in Illinois this moderate to low positive linear relationship between income and tax rate. We now believe that this is primarily a suburban phenomenon, that is, it is the higher income suburban school districts that are exerting the higher tax effort and causing this positive relationship to exist. Similarly, the lower income districts are generally rural districts, and it is among the rural districts that one finds the lower tax rates. The recent passage of a new farm property valuation law, discussed later in this paper, may make it possible for rural areas to increase their tax rates.

The only qualification we can think of on the suburban school districts' support for "reward for effort" or DPE comes from the evidence shown in the tables of this paper that suburban districts might not increase their tax rates as fast as rural districts. As we have already indicated we believe this is an aspect of the already high rates in suburban areas. Putting the thought another way, rural districts have the greatest opportunity to take advantage of "reward for effort" if they can pass

the referenda necessary to raise the rates. Unfortunately, this may be exactly the problem. Referenda studies usually suggest that operating referenda fare better in income wealthy areas than in income poor areas.(20) However, most of these referenda studies were not conducted under DPE conditions, and it is difficult to say how much the rules of the local fiscal game are changed by the state adoption of DPE. It is also important in DPE states not to look merely at the passage or failure of operating tax rates but to observe how much the tax rate is actually increased, since the amount of tax rate increase will determine, other things remaining equal, the degree to which the district receives greater state support.

When suburban districts look for allies to support their "reward for effort" proposals they will find the central cities not very enthusiastic. Central city educational tax rates are generally held down by heavy non-educational expenditures, the so-called, "municipal overburden," and therefore central cities will benefit only very slightly from the DPE systems. The lack of enthusiasm for DPE is shown in many recent constitutional challenges to state finance systems brought by central cities.(21) There is a larger issue here of whether DPE systems can ever accomplish equity goals that have so long been sought after by school finance reformers. Many students of the subject have expressed grave doubts as to whether the basic assumption behind DPE, that is, "equal revenue for equal effort" is indeed consistent, in the long run, with reducing the disparity in

expenditures between school districts or in breaking the connection between local wealth and expenditure levels.(22) This issue is much too complicated to be addressed in this paper but it can be pointed out that much of the uncertainty turns on the other kinds of adjustments that are often adopted in state aid systems simultaneously with the DPE provisions. In Illinois, for example, it has been greatly to the benefit of central cities to adopt the title one weighting in the grant-in-aid system. That weighting was a very important part of the 1973 legislative package, perhaps almost equally as important as the "reward for effort" aspects of the reform. Close to a quarter of a billion dollars is distributed in Illinois by means of this title one weighting and central city districts would have been very reluctant to support the 1973 reform without that provision.

Allies for the "reward for effort" aspects of the state's distribution formula will also not be forthcoming from rural school districts. The lower tax rates prevailing in rural districts prevent these districts from capitalizing on the DPE system, at least in the short run. Whether the rural districts can profit from the DPE system in the longer run depends on their ability to move up their generally lower tax rates. In Illinois, rural districts, realizing that they were somewhat left out in the 1973 reform, have since made other changes in the school finance system which are to their benefit. In the first place they succeeded, after several attempts, in passing a

provision which allows districts to include transportation expenses in the computation of the operating tax rate and therefore the rural districts' local effort showing in the formula has been increased. A more important victory was secured very recently with the signing into law of Senate Bill 493. This bill provides for a computation of farm valuations at least partially on the basis of farm income from principal crops as well as on the basis of the estimated sale price of the farm land. The effects of Senate Bill 493 on the schools are only presently being studied but, at the very least, property valuations in rural districts will not increase as rapidly as they have in the past. Since neither central cities nor suburbs have such protection against the effects of inflation on property valuations, the longer term results of S.B. 493 would appear to be to shift more state aid into rural areas and less into central cities and suburbs. There are, however, save harmless provisions in the law which will make the short term results less dramatic.

Two other strategies for suburban districts deserve mention. It is clear from the work on geographic cost of living differences by McMahon that the incorporation of a geographic cost of living index into the Illinois grant-in-aid formula would benefit suburban school districts, particularly in the northeastern section of the state. The McMahon-Melton index for Dupage district #53, for example, is 125 as opposed to an index of 89.9 for Pulaski district #100 in the deep southern part of

the state.(23) Rural legislators and superintendents, especially those from the southern part of the state, would be expected to oppose the introduction of a geographic cost of living index, unless of course the legislative package which introduced it could include something for them. For example, it has been suggested that an income factor might be introduced into the Illinois formula in this fashion. The income factor is beneficial to the rural areas of the state, especially the southern rural areas, but it might be made at least acceptable to the northern urban areas if that income factor is adjusted by the McMahon-Melton index. The literature on geographic cost of living indexes is increasing and should be carefully inspected by suburban educators and suburban legislators.(24)

A new strategy for suburban districts might lie in support for the local option income tax. At least two bills have been recently introduced into the Illinois General Assembly which would give local districts the right to levy flat rate taxes on income which would then be collected by the state and returned to the district.(25) Unfortunately, as presently drawn, the bills do not power equalize the very large income differences that exist in Illinois. For example, elementary schools vary from suburban Kenilworth with its \$32,675 in median family income (1970 census) to Kaskaskia Island with its \$5,583 in median family income. High school districts vary from suburban New Trier with its \$23,340 in median family income to Vienna in the southern part of the state with its \$6,537. Unit

districts vary from suburban Barrington with \$16,790 to Egyptian with \$4,972. Very likely suburban districts like Kenilworth, New Trier, and Barrington could pass the referenda necessary to take advantage of their strong income base. It is not so obvious that income poor districts like Kaskaskia Island, Vienna, and Egyptian would pass the required referenda, even if the yield were to be power equalized. However, as Representative James Edgar, author of one of the bills, points out, income poor districts can't pass the referenda to raise the rates on property taxes either. Local option income taxes for school purposes have been used in other states, notably Maryland, Kansas, and Iowa.(26) A county local option income tax is used for school purposes in Indiana. Other states, for example, Michigan, have discussed the local option income tax, but then rejected it for a number of reasons.(27) The local option income tax is certainly worth serious investigation by suburban districts. One reservation, however, even suburban districts might have concerning the local option income tax is that it places school revenues on a much more volatile revenue base. The very elasticity of the income tax, generally considered one of the strengths of this tax, also causes the tax to fluctuate more with changes in the general economy. A suburb that was depending largely on a local option income tax to support its schools might find itself in serious trouble during a recession in the economy. It is true that very high income suburban districts, since their income earners are professionals and managers

rather than blue collar workers, would be less affected by these fluctuations in the general economy. On the other hand, a suburb which was primarily blue collar in orientation could see its schools closed not only by a recession, but even by a strike of unusually long duration which might affect most of its wage earners.

If the suburbs should support reward for effort, geographic cost of living indexes, and perhaps local option income taxes, what types of reforms should they oppose? In our judgment their greatest opposition should be directed toward expenditure or tax rate controls imposed from the state capitals. In general suburban school districts not only have the local resources, they are usually willing to spend those local resources for public education. Doubtless that last sentence goes down hard with many suburban school superintendents who have had their share of referenda failures. Nevertheless, at least relative to central cities and rural districts, we think it remains a true statement. It is perhaps far truer for the more affluent suburbs than for "workingmen's" suburbs and it may not be true at all for those suburban racial ghettos that are occasionally found in all major metropolitan areas.

A recent paper by Esther O. Tron casts considerable light on the nature of these various state imposed expenditure and revenue controls.(28) Of special concern to suburban districts are the nine states which have adopted revenue or expenditure controls on the annual increases in revenue or expenditure:

Arizona, California, Colorado, Indiana, Iowa, Kansas, Maine, New Jersey, and Wisconsin. In four of these states: Colorado, Kansas, Maine, and New Jersey, legislation has been adopted which would allow low spending districts, often rural districts, to increase their spending levels faster than high spending districts, often suburban districts. This legislation has often been introduced in response to constitutional challenges to the state grant-in-aid system. It is one way to reduce the disparity in expenditures per pupil within a state. However, there may also be constitutional questions concerning how much a state can control a suburb's desire to spend for education.(29)

There seems little doubt that suburban districts should be especially watchful of attempts to reduce local fiscal control. It is in the best interests of suburban districts to be the most staunch defenders of local control. Any reforms which would take fiscal controls out of the hands of local boards such as state-imposed tax rate ceilings, state-imposed roll backs of tax rates, state-imposed expenditure or revenue increase legislation, increases in fiscal authority review requirements (for dependent districts), and even increases in requirements for district voter approval of budgets, should be resisted by suburban districts. To illustrate with two extreme cases, it is difficult to see how suburban districts could have used their superior local resources to further education in recent years in either Indiana or Oregon. In the former state a freeze was placed on property tax revenues and in the latter

state operating budgets had to be voted on in almost all school districts every year. Indiana has since relaxed its property tax freeze. It is also difficult to see how suburban districts can use much of their superior local resources in Arizona where district expenditure per pupil increases may not exceed 7 per cent of the state average expenditure per pupil, or in Wisconsin where district expenditures per pupil in recent years could not be greater than 9.5 per cent of the previous year's expenditure. There were admittedly "voter override" provisions in both states and tax overrides may have been more prevalent in suburban districts than in other districts.

Whether suburbs should oppose the introduction of poverty measurements in a state aid formula is a much more complicated affair. The distribution of state aid on the basis of poverty measurements, either through a weighting in the general aid formula or through special purpose categorical grants for the disadvantaged, will tend to split the suburbs as a voting bloc. For example, in Illinois the suburban districts of northern Cook county and surrounding counties are not greatly helped by the introduction of poverty measurements. However, the suburban districts of southern Cook county and surrounding counties are helped by the distribution of at least some state funds on the basis of poverty measurements. Neither is it so clear whether the suburbs should resist the introduction of an income factor into the general purpose grant-in-aid formula. In general, of course, income factors, as was shown so clearly by Betsy Levin

some time ago, are primarily of benefit to rural districts, not urban or suburban districts.(30) However, the effect on suburban districts varies greatly in terms of exactly what kind of income factor one has in mind using. Income per capita, income per student (what kind of student?), median family income, whether income includes corporate income, whether income is adjusted for geographic cost of living indexes--all of these have different effects on suburban districts. These matters have been explored in some detail nationally by Allan Odden and within Illinois by J. Dan Hou.(31) The income factor can also come into the state fiscal picture through the "back door," so to speak, as in the case of farm income and the new farm valuation bill and, more dramatically, in the case of the local option income tax.

As if to prove the limitless sophistry of college professors, we have written nearly twenty-five pages without once coming to grips with the major value conflict that suburban schools usually find themselves a part of, and which runs through nearly all school finance debates. The fact is, you can fill a room full of school finance "experts" and you will never get agreement on whether the equalization of educational opportunity is better served by (a) putting more limitations on the wealthy, or by (b) increasing state aid to the poor. There is an old and honorable literature in school finance which claims that the role of the state government is to help poor school districts, but that the state government should jolly well

get out of the way and let the more affluent schools help themselves.(32) On the other hand there is an equally respectable body of literature which holds that if one lets the rich districts spend as much as they want for education, then one can never narrow the gap in expenditure disparities within the state.(33) The compromise is usually to affect a little of both, e.g., the flow of state funds is increased to the poor districts and some obstacles, though not insurmountable ones, are placed in the path of the wealthy districts using its own local resources to stay out in front. The balance between the rich and the poor school districts is struck in the state courts, the offices of the Governor, and in the halls of the state legislature. That balance, which gives substance to the meaning of social justice in school finance, will be whatever the sovereign majority wants it to be, consistent with the preservation of the rights of the minority. No wise man, no shaman, no high priest, is ever going to dictate what that balance will be, not in a democratic society, anyway.

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33. For example, note the following, "As long as individual children, rather than school districts, are entitled to equal protection of the laws, the state can not permit individual districts to tap a portion of the state's wealth for educational increments or "add-ons" for their children while children elsewhere are deprived of similar increments by reason of either the relative low wealth or relative lack of concern for education of the district in which they happen to reside," p. 2.6, Report of the New York State Commission on the Quality, Cost, and Financing of Elementary and Secondary Education, 1972, New York, New York.

TABLE 1
CHANGES IN SELECTED FISCAL VARIABLES
FY73 to FY76, ELEMENTARY DISTRICTS

Variable	District Classification		
	Suburban (207)	Independent City (29)	Rural (213)
Operating Tax Rate	.0515	.0962	.1056
Local Revenue/TWADA	\$149	\$81	\$128
General Aid/TWADA	108	80	77
Combined Local and General/TWADA	261	170	193

Note: Rows two and three will not sum to row four due to group averaging.

TABLE 2
CHANGES IN SELECTED FISCAL VARIABLES
FY73 TO FY76, HIGH SCHOOL DISTRICTS

Variable	District Classification		
	Suburban (55)	Independent City (72)	Rural (51)
Operating Tax Rate	-.0304	.0155	.0054
Local Revenue/TWADA	\$73	\$65	\$47
General Aid/TWADA	147	149	148
Combined Local and General/TWADA	219	214	192

Note: Rows two and three will not sum to row four due to group averaging.

TABLE 3
CHANGES IN SELECTED FISCAL VARIABLES
FY73 to FY76, UNIT SCHOOL DISTRICTS

Variable	District Classification			
	Central City (9)	Suburban (38)	Independent City (69)	Rural (279)
Operating Tax Rate	.1929	.2146	.1530	.1652
Local Revenue/TWADA	\$114	\$129	\$82	\$102
General Aid/TWADA	59	144	111	62
Combined Local and General/TWADA	172	341	214	173

Note: Rows two and three will not sum to row four due to group averaging.